



Economic Impact Analysis Virginia Department of Planning and Budget

**9 VAC 15 - 60 – Small Renewable Energy Projects (Solar) Permit by Rule
Department of Environmental Quality
March 11, 2011**

Summary of the Proposed Amendments to Regulation

Pursuant to 2009 Acts of Assembly Chapters 808 and 854, the Department of Environmental Quality (DEQ) proposes to establish requirements for permits by rule for solar-energy projects with rated capacity not exceeding 100 megawatts. By means of the 2009 legislation, the General Assembly moved permitting authority for these projects from the State Corporation Commission (SCC) to DEQ. By requiring a “permit by rule,” the legislature is mandating that permit requirements be set forth “up front” within this regulation, rather than being developed on a case-by-case basis.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

Prior to the 2009 legislation small renewable energy projects were permitted on a case-by-case basis by the SCC. For those considering small solar-energy projects there was large uncertainty concerning the requirements and potential costs of completing a project, as well as how long the permitting process would take. The permit by rule framework eliminates much of that uncertainty. Applicants need to meet the 14 criteria set forth by §§ 10.1-1197.6(B) of the Code of Virginia to obtain permit by rule. Further, the proposed regulations specify that DEQ must render a decision concerning the permit application within 90 days.¹ This significant reduction in uncertainty is in itself beneficial and will increase the likelihood that net beneficial

¹ For a point of comparison, though there was no known small solar-energy project that went forward when permitting authority was vested with the State Corporation Commission, there was one known small wind-energy project that went forward. The approval process took nearly seven years.

projects will go forward. Solar power is generally considered less damaging to the environment than most other sources of energy. Thus, to the degree that the likely increase in generation of solar energy replaces more polluting forms of energy, there will likely be some benefit to the environment.

There was no known small solar-energy project that went forward when permitting authority was vested with the SCC. Since projects were to be permitted on a case-by-case basis a precise comparison of the costs for establishing small solar-energy projects under the prior system with the costs under the proposed permit by rule system cannot be made. Given both the significant benefit for reduced risk, reduced time cost, and reduced administrative costs for both applicants and the state inherent in the permit by rule system, total application costs will likely be reduced under the proposed regulation.

The following table describes application fees and the fee for modification

Type of Action	Fee
Application: >5 MW to 25 MW	\$8,000
Application: >25 MW to 50 MW	\$10,000
Application: >50 MW to 75 MW	\$12,000
Application: >75 MW to 100 MW	\$14,000
Modification: any rated capacity	\$4,000

MW = megawatts

In addition to fees, there are survey requirements for wildlife and historic resources based upon the rated capacity of the solar-energy project, as well as the size of the area affected by the project.

Rated Capacity/ Disturbance Zone Acreage	Non-Fee Requirements	Estimated Cost of Non-Fee Requirements
500 KW or less, or 2 acres or less	none	none
greater than 500 KW and less than or equal to 5 MW, or greater than 2 acres and less than or equal to 10 acres	desktop database surveys*	\$5,000 - \$10,000
Greater than 5 MW and greater than 10 acres	desktop and field surveys for both wildlife and cultural resources*	\$50,000 - \$70,000

KW = kilowatts; MW = megawatts

* These cost estimates include reporting, recordkeeping, and administrative costs.

Businesses and Entities Affected

The proposed amendments affect individuals, businesses or other entities wishing to develop a small solar energy project with rated capacity less than or equal to 100 MW, but greater than 5 MW. DEQ staff is currently aware of two proposed projects that would be affected by the proposed regulations.

Localities Particularly Affected

The proposed regulation applies statewide and is not designed to have a disproportionate material impact on any particular locality. As a practical matter, however, solar-energy projects are more likely to be located in areas with minimal shade.

Projected Impact on Employment

The statutes and proposed regulation will increase the likelihood that small solar-energy projects will go forward. Consequently, the proposed regulation may have a small positive impact on employment.

Effects on the Use and Value of Private Property

The statutes and proposed regulation will increase the likelihood that small solar-energy projects will go forward. Consequently, the proposed regulation may have a small positive

impact on the value of land appropriate for such projects and entities that may be considering generating solar energy.

Small Businesses: Costs and Other Effects

The statutes and proposed regulation will reduce risk, time costs, and administrative costs for small solar-energy firms.

Small Businesses: Alternative Method that Minimizes Adverse Impact

The proposed amendments will not produce an adverse impact on small businesses.

Real Estate Development Costs

The statutes and proposed regulation will reduce the cost of developing property for solar energy projects.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.04 of the Administrative Process Act and Executive Order Number 14 (10). Section 2.2-4007.04 requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.04 requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.